



**Employees' Retirement Board of Rhode Island**  
**Monthly Meeting Minutes**  
**Wednesday, January 19, 2011**  
**1:00 p.m.**  
**8<sup>th</sup> Floor Conference Room, 40 Fountain Street**

The Monthly Meeting of the Retirement Board was called to order at 1:00 p.m. Wednesday, January 19, 2011, on the 8<sup>th</sup> Floor Conference Room, 40 Fountain Street, Providence, RI.

**I. Roll Call of Members**

The following members were present at roll call: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Daniel L. Beardsley; Frank R. Benell, Jr.; Michael R. Boyce; M. Carl Heintzelman; John P. Maguire; John J. Meehan; Louis M. Prata; Susan Knorr Rodriguez, and Jean Rondeau.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director; Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Treasurer Raimondo called the meeting to order

Director Karpinski congratulated the Treasurer on her election and welcomed her as Chair of the ERSRI Board.

The following members arrived at 1:08 p.m.: Roger P. Boudreau, Thomas A. Mullaney, and Linda C. Riendeau

**II. Approval of Minutes**

On a motion by Frank R. Benell, Jr., and seconded by Jean Rondeau., it was unanimously

**VOTED: To approve the draft minutes of the December 8, 2010 meeting of the Employees' Retirement System of Rhode Island Board.**

**III. Chairperson's Report**

Treasurer Raimondo expressed her excitement at achieving her two-week mark in office. She expressed her appreciation to Director Karpinski for his assistance in providing information about the Retirement System. She told the Board she was looking forward to getting to know and working with each member and would like to meet with them individually over the next month.

Treasurer Raimondo told the Board that the system is experiencing difficult times and that tough decisions may be required to make certain that the system provides secure benefits for all members. She said a combination of communication, respect, professionalism and honesty will be important to the success of the retirement system.

Treasurer Raimondo then provided the Board with an overview of the investment returns of the last 6 months. She said the financial markets are strong resulting in an excellent year; the calendar year posted a 12.5 % return. Particularly, Treasurer Raimondo said the last 6 months were in excess of the 8.25 % assumed market rate of return with a 14 % return. However, the Treasurer said the bad news is that the 5-year return was only 3.5% and the 3 year return is negative -.0.75%. She said the fund has not recovered from the financial crash of 2008. Treasurer Raimondo said the 10-year-to-date 4% return was of great concern to her since the fund's assumed rate of return is 8.25%. She told the Board that she intends to spend time "scrubbing" the entire portfolio, learning its policies, and making sure our investments are performing properly.

Treasurer Raimondo then asked Director Karpinski to introduce new staff assigned to Retirement; namely, John (Jay) Shaw, the new Accounting Manager; Dara Chadwick, the new Communications Manager and Roxanne Donoyan, the new Administrative assistant to Director Karpinski. Treasurer Raimondo then introduced her Chief of Staff, Joseph Pratt, and her Director of Communications, Joy Fox.

#### **IV. Executive Director's Report**

Director Karpinski noted that Board members were in possession of the Disability Report and the Pension Application report.

He then apprised the Board that the June 30, 2010 audited financial statements had been mailed to Board members recently. He told the Board that this is a new standard. In the past, copies were provided to the Director for distribution to the Board. Director Karpinski told the Board that audit findings should be available shortly and will likely be communicated to the Audit Subcommittee.

Director Karpinski reminded the Board that direct deposit "advices" will cease with the completion of the February pension payment. Vice Chair William B. Finelli asked Director Karpinski to make adjustments to the web-site. He observed some retirees who use Firefox as a web browser were apparently unable to view the website. Director Karpinski told the Board that the system was currently analyzing necessary changes to the site which would permit the use of other browsers. He said this was observed when the first notice had gone out regard the stopping of mailed advices.

#### **V. Discussion Regarding the Actuarial Contact with Gabriel, Roeder, Smith and Company**

Director Karpinski reiterated the information he provided the Board in November 2010 regarding the actuary's contract, which will expire in July of 2011. He said the actuary is under contract to complete the June 30, 2010 valuation as well as the experience study.

Director Karpinski told Board members their options for the actuary's contract in the coming year include: 1) going to Request for Proposal (RFP), which would require about a 6 month window for response, review by the procurement committee, and the presentation of results to the full Board; or 2) consideration of an extension as permitted by the current contract.

Director Karpinski reminded the Board that in the past, they did not hire the lowest price bidder but rather the firm they felt provided the best service with the best knowledge of statewide plans, which was Gabriel, Roeder, Smith and Company (GRS).

Treasurer Raimondo told the Board she felt it would be prudent to go out with a RFP; she said the System has had the same firm since 1997. She said she understands the value of institutional knowledge but felt an RFP would be best for the system. Mr. Maguire asked Director Karpinski when the last actuarial audit was performed of GRS. Director Karpinski said the audit was done when GRS was rehired in 2004. Mr. Maguire then asked if an RFP is done, whether another audit would be performed. Director Karpinski said that if the Board were to hire a new firm, then by nature of a conversion the new firm would in essence perform an audit. However, the Director said that should GRS be rehired, then an audit should be done. Mr. Maguire said that given the length of time GRS has been retained by the System, it would be good to see what GRS charges in relation to other firms; Treasurer Raimondo agreed. Then on a motion by Jean Rondeau and seconded by Frank R. Benell, Jr., it was unanimously;

**VOTED: Authorize the Director to put the system's actuarial contract out for a Request for Proposal.**

## **VI. Administrative Decisions**

*None this Month.*

## **VII. Approval of the December Pensions as Presented by ERSRI**

On a motion by Michael R. Boyce and seconded by both M. Carl Heintzelman and Roger P. Boudreau, it was unanimously.

**VOTED: To approve the December pensions as presented.**

## **VIII. Legal Counsel Report**

Attorney Michael Robinson updated the Board on the *Brian McElroy vs. ERSRI* matter. Attorney Robinson reminded the Board that Mr. McElroy was a Providence school teacher who was assaulted by a student and sought an accidental disability pension. The Board had previously denied Mr. McElroy's application, and that denial was later affirmed by the Rhode Island Superior Court. Mr. Robinson informed the Board that the Rhode Island Supreme Court had recently denied Mr. McElroy's petition for issuance of a writ of certiorari, which effectively terminates the litigation.

Attorney Robinson apprised the Board of two other two matters. He discussed the *Albert Turcotte vs. ERSRI* matter, wherein Mr. Turcotte had appealed the Board's denial of his application for an accidental disability pension to Superior Court. Mr. Robinson informed the Board that Mr. Tucotte had filed a motion in the Superior Court to reverse and/or remand the matter based upon an apparent error in the stenographic transcript of the Board's September 8, 2010 hearing. Specifically, Mr. Robinson indicated that there was a discrepancy between Director Karpinski's record of the votes, and the stenographic transcription of the votes. Mr. Robinson indicated that he had been in contact with the stenographer, and that the stenographer had confirmed her

transcription error after comparing the transcript with her audio recording of the hearing. Accordingly, the system will be opposing Mr. Turcotte's motion.

Attorney Robinson also discussed the matter of *David Palumbo vs. ERSRI*. In that matter Mr. Palumbo had appealed the Board's decision to deny his application for an accidental disability pension to Superior Court. Mr. Palumbo's attorney then issued a subpoena to the Department of Health for records. Attorney Robinson indicated that the system would be moving to quash the subpoena, as it was not appropriate in the context of an administrative appeal under the Administrative Procedures Act.

John P. Maguire asked Attorney Robinson about the RI Supreme Court's recent decision in the City of Providence matter regarding the pensions of certain police officers and whether that decision has any impact on ERSRI. Attorney Robinson indicated that the Supreme Court decision related to a pension revocation determination by the Providence Retirement Board. Attorney Robinson indicated that the matter dealt with interpretation of the City of Providence's ordinances on pension revocation, as opposed to the state statutes that govern ERSRI, and that it was therefore of limited relevance to ERSRI.

## IX. Committee Report

**Disability Subcommittee:** The Disability Subcommittee recommended the following actions on disability applications for approval by the full Board as a result of its meeting on January 7, 2011.

Name	Membership Group	Type	Action
1. William Kluth	Municipal	Accidental	Deny
2. Maria D'Abate	State	Accidental (New Law)	Approve
3. Stephen Limoges, Sr.	State	Accidental (New Law)	Approve
4. Jennifer Csizmesia	Municipal	Accidental	Postpone
5. Dianne Brien	State	Accidental (New Law)	Postpone
6. Richard Grinchell	State	Accidental (New Law)	Approve
7. Thomas Walsh	Municipal	Accidental	Approve
8. Linda Agoro	State	Accidental (New Law)	Deny
9. Daniel Cronin	State	Ordinary	Approve
10. Nicholas Antonucci	State	Accidental (New Law)	Approve

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

**VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, January 7, 2011 on items 1 through 10.**

**X. New Business**

*None this month*

**XI. Adjournment**

There being no other business to come before the Board, on a motion by William B. Finelli and seconded by Linda Riendeau the meeting adjourned at 1:26 p.m.

Respectfully submitted,

**Frank J. Karpinski**

Executive Director